

Message Text

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ACTION EA-12

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DEPT FOR EA ONLY

JAKARTA FOR AMBASSADOR MASTER

E.O. 11652: NA
TAGS: EAID NL
SUBJECT: PL 480 TITLE III

1. US DELEGATION TO IGGI 21 TOOK OCASION OF PRESENCE
WIDJOJO, BUSTANIL ARIFIN, AND OTHER KEY GOI OFFICIALS TO
FOLLOW-UP ON VICE PRESIDENT MONDALE'S DISCUSSION WITH PRES
SUHARTO OF GOI'S INTEREST IN PL 480 TITLE III.
2. WIDJOJO NOTED IN PRE-CONFERENCE SESSION WITH US DELE-
GATION SUNDAY AFTERNOON THAT US AND GOI OFFICIALS SHOULD
MEET DURING CONFERENCE TO REVIEW TITLE III POSSIBILITIES.
HE SAID THEY PARTICULARLY INTERESTED IN FINDING OUT JUST
WHAT WASHINGTON'S REQUIREMENTS WERE FOR A TITLE III PROGRAM,
ESPECIALLY THE PROGRAMMING AND ADMINISTRATIVE ARRANGEMENTS.
3. US AND INDONESIAN OFFICIALS MET ON MAY 22. DEPUTY
ASSISTANT SECRETARY HEGINBOTHAM EXPLAINED THAT
TITLE III WAS A NEW PROGRAM FOR WHICH NO AGREEMENTS YET
NEGOTIATED AND FOR WHICH WE DO NOT HAVE A SET OF SPECIFIC
PROCEDURES. HE NOTED THE US MISSION IN INDONESIA

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HAS PREPARED A PRELIMINARY PROGRAM PROPOSAL THAT WOULD
SERVE, IF GOI AGREED, AS BASIS FOR DISCUSSIONS. GOI
OFFICIALS WELCOMED SUCH DISCUSSION. THE USAID
DIRECTOR THEN OUTLINED THE FOLLOWING PROPOSAL FOR DIS-
CUSSION WITH CAVEAT THE PROPOSAL NOT YET PRESENTED
TO WASHINGTON AGENCIES: (A) A FIVE-YEAR PL 480
AGREEMENT WOULD BE NEGOTIATED EARLY IN US FY 1979

WITH \$50 MILLION EARMARKING FOR FIRST YEAR FOR CONVERSION TO GRANTS UNDER TITLE III WITHIN AN OVERALL TITLE I LEVEL OF \$106 MILLION AS NOW ANTICIPATED IN AID'S FY 1979 CONGRESSIONAL PRESENTATION, (B) THE MULTI-YEAR PL 480 AGREEMENT WOULD PROVIDE FOR TITLE III ELEMENT OF \$75 MIL PER YEAR FY 1980-83 WITHIN OVERALL PL 480 LEVELS FOR WHICH US MISSION IN INDONESIA NOW ESTIMATES TOTAL PL 480 TITLE I AND III REQUIREMENTS TO BE IN RANGE OF \$150-200 MILLION PER YEAR OVER THE FIVE YEAR PERIOD, (C) THE RUPIAHS TO BE CONVERTED TO GRANTS UNDER TITLE III WOULD BE ALLOCATED TO MEET LOCAL COSTS OF NEW OR EXPANDED AGRICULTURE/RURAL DEVELOPMENT PROJECTS WHICH ASSISTED BY US AID AND FOR WHICH DETAIL PROJECT PLANS EXIST OR WILL BE PREPARED AND FOR WHICH THE USAID STAFF WILL PROVIDE TECHNICAL ASSISTANCE AND MONITORING OF IMPLEMENTATION, THEREBY ELIMINATING NEED FOR SEPARATE PROJECT DOCUMENTATION AND REDUCING SHARPLY SEPARATE REPORTING AND ACCOUNTING REQUIREMENTS.

4. FOLLOWING IGGI SESSIONS HEGINBOTHAM AND USAID DIRECTOR HAD OPPORTUNITY TO DISCUSS TITLE III PROPOSAL WITH WIDJOJO AND REPORT UPON OFFICIALS MEETING. WIDJOJO EXPRESSED APPRECIATION WE WERE ATTEMPTING WORK OUT ARRANGEMENT WHICH WOULD DEAL WITH THE CONCERN HE HAS EXPRESSED IN MEETING WITH AMBASSADOR MASTERS REGARDING MANAGEMENT OF LOCAL CURRENCY. HE SAID HE UNDERSTOOD AN IMAGINATIVE LIMITED OFFICIAL USE

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PLAN HAS BEEN DEVELOPED THAT WOULD SIMPLIFY PROGRAMMING AND ACCOUNTING FOR TITLE III SALES PROCEEDS. HE SAID HE LOOKED FORWARD TO HEARING IF THIS TENTATIVE PROPOSAL IS ACCEPTABLE IN WASHINGTON AS HE THOUGHT TITLE III WOULD BE OF REAL BENEFIT TO INDONESIA. HEGINBOTHAM NOTED THAT IN ADDITION TO THE CURRENT PROPOSAL TO USE TITLE III SALES PROCEEDS FOR NEW OR EXPANDED SPECIFIC PROJECTS THAT AT LATER TIME TITLE III MIGHT BE HELPFUL IN IMPLEMENTATION OF BROADER AGRICULTURE PROGRAMS AND/OR POLICY MEASURES. BROWN

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